

Message Text

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FM AMEMBASSY PARAMARIBO
TO SECSTATE WASHDC 3231
INFO USCINCSO QUARRY HEIGHTS CZ

C O N F I D E N T I A L SECTION 1 OF 3 PARAMARIBO 0223

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SUBJ: PARM--ANNUAL POLICY AND RESOURCE ASSESSEMT--PART I

REF : CERP 0001

A. U.S. INTERESTS

THE U.S. HAS SEVERAL LONG-TERM STRATEGIC INTERESTS IN
SURINAM, SOME AFFIRMATIVE AND ONE NEGATIVE:

1. ACCESS TO BAUXITE. SURINAM IS THE THIRD LARGEST PRO-
DUCER OF BAUXITE IN THE WORLD AND THE SECOND LARGEST OVERSEAS
SUPPLIER TO THE U.S. ALUMINUM INDUSTRY. AS LARGER, MORE
ACCESSIBLE AND CHEAPER SOURCES OF BAUXITE ELSEWHERE ARE EXPLOITED,
THE COMPETITIVE SITUATION OF SURINAM WILL DECLINE BUT THE LARGE
AMERICAN INVESTMENT ALREADY HERE WILL CAUSE AMERICAN INDUSTRY
(ALCO) TO CONTINUE TO RELY ON SURINAM BAUXITE FOR A LONG TIME
TO COME.

2. INTERNATIONAL POLICY SUPPORT. SURINAM IS ONE OF THE FEW
PARLIAMENTARY DEMOCRACIES FUNCTIONING IN SOUTH AMERICA AND IT
HAS A LIBERAL WESTERN OUTLOOK THAT CORRESPONDS WELL WITH
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AMERICAN POLICIES. ITS VOICE AND ITS VOTE IN INTERNATIONAL
FORUMS, WHILE LOW-KEY AND MINOR, WILL NEVERTHELESS BE OF
IMPORTANCE TO THE U.S. ON A RANGE OF POLITICAL, SOCIAL AND
ECONOMIC ISSUES.

3. MARKET FOR EXPORTS. SURINAM IS A VERY SMALL COUNTRY BUT
IT BUYS ABOUT A HUNDRED MILLION DOLLARS A YEAR FROM THE U.S.,

MAKING IT AN ATTRACTIVE MARKET ON A PER CAPITA BASIS. IMPORTS WILL GROW OVER THE NEXT SEVERAL YEARS, PARTICULARLY BECAUSE OF THE HIGHER INCOME FROM BAUXITE LEVIES AND THE NETHERLANDS AID PROGRAM.

4. NOT TO BECOME A PROBLEM. ECONOMIC DIFFICULTIES, RACIAL CLASHES, SQUABBLES WITH NEIGHBORS OR BEING TAKEN IN TOO MUCH BY THIRD WORLD VISIONARY IDEAS ARE ALL POSSIBILITIES FOR SURINAM, AND ANY OF THESE OCCURRENCES WOULD ADVERSELY AFFECT U.S. INTERESTS, BOTH IN TERMS OF THE NEGATIVE CONSEQUENCES ON INTERESTS 1, 2 AND 3 ABOVE AND IN TERMS OF PRESSURE ON THE U.S. TO CONCERN ITSELF AND EVEN INTERVENE. WE CAN DO WITHOUT ANY MORE SUCH CASES AND IT IS IN THE U.S. INTEREST, THEREFORE, FOR SURINAM TO REMAIN POLITICALLY, ECONOMICALLY AND SOCIALLY STABLE.

B. OVERVIEW

THE ECONOMIC FUTURE OF SURINAM OVER BOTH THE LONG TERM AND THE NEXT COUPLE OF YEARS IS MURKY. INCREASED INCOME FROM THE GENERALLY-RAISED BAUXITE LEVIES AND FROM THE GENEROUS NETHERLANDS AID PROGRAM HAS NOT RESULTED IN ANY SIGNIFICANT INCREASE IN THE PRODUCTIVE SECTOR OF THE ECONOMY. BUT HAS ADDED FUEL TO THE INFLATION ALREADY IN OPERATION. UNEMPLOYMENT AND UNDEREMPLOYMENT WILL REMAIN SERIOUS PROBLEMS, COUPLED WITH A GREAT SHORTAGE OF TRAINED WORKERS IN TECHNICAL AND CRAFT AREAS. THERE IS NO REASONABLE PROSPECT THAT ANY APPRECIABLE NUMBER OF THE ECONOMICALLY-PRODUCTIVE SURINAMERS IN THE NETHERLANDS (ABOUT A QUARTER OR A THIRD OF THE POPULATION LIVES THERE) WILL COME BACK TO HELP BUILD UP THIS COUNTRY, AND THE NON-PRODUCTIVE

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WELFARE-SEEKING PART OF THE GROUP WOULD BE A BURDEN RATHER THAN A PLUS IF THEY DID COME BACK. IT MAY TAKE THE BETTER PART OF A GENERATION FOR SURINAM TO TRAIN A NEW CREW OF SKILLED WORKERS AND ONE QUESTION IS WHETHER THE ECONOMY WILL BE ABLE TO MUDDLE THROUGH WITHOUT THEM DURING THE VERY PERIOD OF HIGH AVAILABILITY OF FUNDS WHEN THEY ARE MOST NEEDED.

POLITICALLY, THE TWO MAIN ETHNIC GROUPS, THE CREOLES AND THE HINDUSTANIS, EACH WITH ABOUT A THIRD OF THE PEOPULATION, WILL VIE WITH EACH OTHER FOR CONTROL OF THE GOVERNMENT. REGARDLESS OF WHO COMES OUT ON TOP IN SUCH A STRUGGLE, THE RESULT WILL REMAIN LACK OF STABILITY FOR THE SOCIETY, AND A CLIMATE OF SECURITY FOR PERSONS AND INVESTMENTS WILL ONLY BE BROUGHT ABOUT WHEN THERE IS SUFFICIENT REALIZATION ON THE PART OF BOTH THE MAJOR ETHNIC GROUPS, AND OF THE SMALLER GROUPS AS WELL, THAT POWER MUST BE SHARED AMONG THEM. THE ELECTIONS IN THE SUMMER OF 1977 WILL BE AN INDICATION, AT LEAST, OF WHETHER THIS REALIZATION IS TAKING PLACE.

IN INTERNATIONAL AFFAIRS, SURINAM WILL CONTINUE TO MOVE CAUTIOUSLY, NOT WISHING TO BE THOUGHT STILL A CAPTIVE OF WESTERN EUROPE BUT AT THE SAME TIME MOTIVATED BASICALLY BY THE SAME CONCEPTS WHICH UNDERLIE U.S. AND WESTERN EUROPEAN POSITIONS. WHILE MAKING MOVES TOWARDS ITS BROTHER SMALL NATIONS IN THE CARIBBEAN AREA, SURINAM WILL STILL BE LOOKING TOWARDS FUNDAMENTAL RELATIONSHIPS WITH LARGER POWERS TO GIVE IT ITS BASIC SECURITY, BRAZIL AND VENEZUELA IN SOUTH AMERICA, THE NETHERLANDS IN EUROPE, AND INCREASINGLY THE UNITED STATES.

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INFO USCINCSO QUARRY HEIGHTS CZ

C O N F I D E N T I A L SECTION 2 OF 3 PARAMARIBO 0223

IN THE SHORT TERM, SURINAM'S ATTITUDE TOWARDS THE TWO ALUMINUM COMPANIES, ALCOA AND BILLITON, WHICH PROVIDE THE BULK OF ITS CURRENT INCOME, WILL CONTINUE TO BE PRAGMATIC AND BASED ON INCOME CONSIDERATIONS. IF THE INCOME REMAINS HIGH AND GETS HIGHER, ESPECIALLY IN RELATION TO OTHER COUNTRIES WHICH HAVE CHOSEN THE NATIONALIZATION ROUTE LIKE GUYANA, THEN SURINAM WILL BE CONTENT TO CONTINUE ITS PRESENT ARRANGEMENTS. IF THERE SHOULD BE A MAJOR DISRUPTION OF SURINAM'S BAUXITE-ALUMINUM MARKET, HOWEVER, EITHER GENERAL BECAUSE OF A WORLD-WIDE DECREASE IN DEMAND (RATHER UNLIKELY) OR SPECIFIC BECAUSE OF A DECLINE IN SURINAM'S COMPETITIVE POSITIONS VIS-A-VIS NEWER SUPPLIERS (MORE LIKELY), THEN SURINAM WILL BE QUICK TO MAKE SCAPEGOATS OUT OF THE INTERNATIONAL COMPANIES AND TROUBLE WILL ENSUE. NO MATTER HOW WELL THINGS GO, HOWEVER, IN THE LONGER TERM THERE SEEMS BOUND TO BE A REQUIREMENT ON SURINAM'S PART TO GAIN MORE COMPLETE CONTROL OVER ITS OWN RESOURCES, WHICH COULD COME BY AMICABLE ARRANGEMENTS WITH THE COMPANIES AS WELL AS BY NATIONALIZATION.

AS A TRADING PARTNER FOR THE U.S., SURINAM SHOULD BECOME
EVEN MORE ATTRACTIVE. EVEN THOUGH THE INCREASED AMOUNT OF MONEY
AVAILABLE MAY NOT BE PRODUCING THE BEST POSSIBLE INTERNAL
ECONOMIC RESULTS, IT WILL MEAN CONSTANTLY INCREASING PURCHASE
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FROM ABROAD. U.S. PRODUCTS MUST STAND STIFF COMPETITION,
PARTICULARLY FROM EUROPE AND JAPAN, BUT THE NEARNESS OF THE U.S.,
THE COMPATIBILITY OF THE SOCIETIES, AND THE NATURAL AFFINITY
OF THE SURINAMERS FOR THINGS AMERICAN ARE ALL IN OUR FAVOR AND
EXPORTS TO THIS COUNTRY SHOULD CONTINUE TO GROW STEADILY.

IN THE NEAR TERM, THE ROLE OF THE U.S. SHOULD CONTINUE TO
BE THAT OF A MATURE AND UNDERSTANDING ECONOMIC PARTNER,
READY TO TAKE FULL ACCOUNT OF THE PARTICULAR INTERESTS OF A
NEWLY-INDEPENDENT COUNTRY AND TO ADJUST ITS PRACTICES AND
RELATIONSHIPS WITHIN REASON TO THOSE INTERESTS. WE SHOULD CON-
TINUE TO PLAY A LOW-KEY ROLE IN ASSISTING SURINAM TO FIND ITS
PLACE AMONG THE FREE NATIONS OF THE WESTERN HEMISPHERE. IN
MULTILATERAL AFFAIRS, WE SHOULD MAKE AVAILABLE AS FULLY AS
POSSIBLE OUR VIEW OF THE WORLD SITUATION AND THE REASONS FOR
OUR POSITIONS AND POLICIES, EXPECTING A MATURE REACTION FROM
SURINAM IN THE LIGHT OF ITS SELF-PERCEIVED INTERESTS BUT BEING
SATISFIED WITH A GENERAL CONFLUENCE OF ACTIONS AND NOT ASKING
FOR A HUNDRED PERCENT PLEDGE OF ALLEGIANCE. THERE IS NO NEED
FOR SIGNIFICANT U.S. FUNDING OF AID TO SURINAM, BUT WE SHOULD
SEEK WAYS TO HELP MAKE AVAILABLE THE EXPERIENCE AND EXPERTISE
WHICH ARE SO SADLY LACKING HERE IN PLANNING AND EXECUTING
PROJECTS WITH THE MONEY THAT IS ALREADY AVAILABLE FROM SOURCES.

AS TO SECURITY QUESTIONS, WE SHOULD AVOID CONTRIBUTING IN ANY
WAY TO THE DESIRE FOR MACHISMO ON THE PART OF THE TINY SEGMENT
OF THE POPULATION WHICH TENDS IN THAT DIRECTION, AND GO ALONG
RATHER WITH THE STRONGLY PREVAILING GOVERNMENT AND POPULAR CON-
CEPT OF THE ARMY AS A PART OF THE NATION-BUILDING MACHINERY
OF THE COUNTRY AND AS TRAINING FOR YOUNG PEOPLE IN DISCIPLINE
AND SELF-RELIANCE. SURINAM SEES NO MILITARY SUPPLIES AND EQUIP-
MENT WHICH THE GOVERNMENT MAY PUT TO US, BUT WE SHOULD STEER
CLEAR OF ANY POLICY OR MISAPPREHENSION OF INVOLVEMENT.

WE SHOULD REMAIN OUT OF WHAT FEW PROBLEMS EXIST BETWEEN
SURINAM AND OTHER COUNTRIES, THE PRINCIPAL ONE BEING THE BORDER
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DISPUTE WITH GUYANA.

C. OBJECTIVES, ISSUES AND COURSES OF ACTION.

1. BAUXITE. OUR OBJECTIVE IS TO MAINTAIN ACCESS TO SURINAM'S BAUXITE AT COMPETITIVE COST WITHOUT UNDUE ADVERSE EFFECT ON OUR OTHER INTERESTS. THERE ARE NO REAL ISSUES AT THE MOMENT, A THREE-YEAR SETTLEMENT ON PRODUCTION AND LEVY BEING IN EFFECT BETWEEN ALCOA AND THE GOVERNMENT THROUGH 1978. POSSIBLE ISSUES MIGHT ARISE IF PRODUCTION DOES NOT KEEP UP WITH EXPECTATIONS OR IF OTHER COUNTRIES APPEAR TO BE GETTING BETTER DEALS THAN SURINAM. ALCOA POLICY APPEARS EXPERIENCED AND WELL THOUGHT-OUT, AND SHOULD BE SUFFICIENT TO MEET ANY SHORT-TERM ISSUES WHICH ARISE. THE U.S. SHOULD LIMIT ITSELF AT THIS TIME TO KEEPING ITSELF WELL-INFORMED AS TO THE PERCEPTIONS AND INTENTIONS OF BOTH SIDES, READY TO ACT, BUT ONLY AS A LAST RESORT, IF A BREAKDOWN BETWEEN SURINAM AND ALCOA SHOULD THREATEN OUR BASIC INTERESTS.

2. GENERAL EDUCATION. GRADUALLY LOSING THE UMBILICAL CORD WHICH TIED IT TO HOLLAND AND NOURISHED IT WITH INFORMATION ABOUT THE REST OF THE WORLD AND WITH THE BACKGROUND NECESSARY TO REACT INTELLIGENTLY TO THAT INFORMATION. SURINAM IS BECOMING SOMETHING OF A VACUUM IN THE INFORMATIONAL, EDUCATIONAL AND CULTURAL FIELD. OUR OBJECTIVE IS TO OFFER THE U.S.

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INFO USCINCSO QUARRY HEIGHTS CZ

C O N F I D E N T I A L SECTION 3 OF 3 PARAMARIBO 0223

AS A MAJOR SOURCE FOR SURINAM IN ALL OF THESE AREAS, TO PRE-EMPT INsofar AS POSSIBLE THIS ROLE FOR OURSELVES AND THUS TO DENY IT TO OTHERS, AMONG WHOM ARE CUBA, THE SOVIET UNION, CHINA AND TO A LESSER EXTENT THE NON-DEMOCRATIC REGIMES IN THE AREA, WHO WILL ACT IN WAYS CONTRARY TO OUR INTERESTS. WE

NEED TO DO THIS IN THE BROAD AREA OF PUBLIC APPEAL AND EDUCATION AS WELL AS IN THE NARROW CONFINES OF GOVERNMENT-TO-GOVERNMENT DEALINGS, SINCE THE LATTER SO OFTEN REQUIRE FOR SUCCESS A PREDISPOSITION OF PUBLIC OPINION AND OF OPINION-LEADERS IN OUR FAVOR. SURINAM IS TOO SMALL TO BE SELF-SUFFICIENT AND IT IS ONLY A QUESTION OF WHERE IT WILL FIND ITS INTELLECTUAL LEADERSHIP, NOT WHETHER IT WILL DO SO. THIS OPPORTUNITY IS ALSO THE GREATEST DANGER: TO THE EXTENT THAT WE DO NOT SUPPLY THE NEED OTHERS WILL DO SO.

ISSUE: THE SUPPLY OF NEWS FROM ABROAD. THERE IS NO AMERICAN NEWS AGENCY REPRESENTED HERE, AND ALL NEWS OF THE U.S. COMES FILTERED THROUGH AMSTERDAM, OR ALTERNATIVELY FROM PRENSA LATINA IN HAVANA. COURSE OF ACTION: WE NEED TO DISTRIBUTE THE USIS WIRELESS FILE IN SURINAM; WE NEED TO INCREASE OUR PLACEMENT OF U.S. TELEVISION, RADIO AND OTHER NEWS AND TOPICAL PROGRAMS, AND GREATLY TO INCREASE THE DISTRIBUTION OF USIS PUBLICATIONS. WE NEED MORE SPEAKERS ON CURRENT TOPICS. WE NEED TO BE ABLE
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TO SEND MORE SURINAMESE OPINION-LEADERS TO THE U.S.

ISSUE: HIGHER EDUCATION. THE OVERWHELMING MAJORITY OF SURINAMERS WHO STUDY ABROAD GO TO THE NETHERLANDS, BUT MORE AND MORE ARE BECOMING INTERESTED IN THE U.S. SINCE ANYONE WHO COMPLETES A UNIVERSITY PREPARATORY COURSE HERE WILL HAVE GOOD ENGLISH, LANGUAGE IS NO BARRIER. COURSE OF ACTION: WE NEED TO BE ABLE TO OFFER SURINAM STUDENTS AND SCHOOLS MUCH MORE INFORMATION ABOUT EDUCATIONAL OPPORTUNITIES IN THE U.S. WE SHOULD START ADMINISTERING U.S. COLLEGE ENTRANCE EXAMINATIONS (NOW BEING DONE ONLY ON AN AD HOC BASIS). WE NEED AMERICAN TEACHERS AND PROFESSORS HERE. WE NEED STUDENT EXCHANGES.

ISSUE: CULTURAL ORIENTATION. SURINAMERS ARE ORIENTED IN SOME ASPECTS TO DUTCH AND EUROPEAN CULTURE, AND IN OTHERS TO LOCAL CARIBBEAN CULTURE. THERE IS A GREAT INTEREST IN AMERICAN CULTURE, AND A RECEPTIVITY TO IT. COURSE OF ACTION: WE NEED MORE INDIVIDUAL AND GROUP PERFORMING ARTISTS, MORE TV AND RADIO PROGRAMS ILLUSTRATING THE BEST WE HAVE TO OFFER (WE NOW GET TOO OFTEN THE WORST) AND MORE SURINAMERS GOING TO THE U.S. TO SEE US FOR THEMSELVES.

ISSUE: U.S. EXPORTS TO SURINAM. THERE WILL BE MONEY FOR INCREASING IMPORTS FROM THE U.S., BUT SURINAM BUSINESSMEN AND CONSUMERS NEED TO KNOW MORE OF WHAT WE HAVE TO OFFER AND HOW TO DO BUSINESS WITH US. COURSES OF ACTION: WE MUST INCREASE OUR TRADE PROMOTION ACTIVITIES. WE HAVE SEVERAL U.S. TRADE MISSIONS COMING, AND WE CAN USE MORE. WE NEED TO ENCOURAGE AND ASSIST SURINAM BUSINESSMEN IN GOING TO THE U.S. AND IN GAINING SOURCES

DIRECTLY FROM MANUFACTURERS, SURVEY MARKETS AND RECOMMEND TRADE
PROMOTION ACTIVITIES TO THE DEPARTMENT OF COMMERCE.
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